

May 27, 2004

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TO: Distribution

FROM: B/Chief Financial Officer

SUBJECT: Budgeting and Executing Funds for Agency Wide Fee-for-Service Activities

This memorandum serves as interim policy and applies to all providers and customers of agency wide fee-for-service activities. Fee-for service is defined as any service provided by a NASA Center to another NASA Center, or from an external source to a NASA Center (e-Payroll). Fee based services provided by NASA or to NASA that were budgeted for by the customer under Corporate General and Administrative, Center G&A or Service Pools and have no other means of receiving funding, may use this process guidance to establish funds flow.

Under Full Cost these activities are budgeted for in Corporate G&A, Center G&A and Service Pools. Currently, there is no mechanism in SAP Core Financial, and no established agency process for funding and costing these activities. In the absence of standard processes, Enterprises and Centers are managing the effort differently or not at all and this is creating funding issues for the activities providing the service.

Budgeting and Executing Funds for Agency Wide Fee-for-Service Activities

The Agency will treat fee-for-service activities that support agency wide functions as a special category of fund centers in order to facilitate funds distribution and execution. With this special designation, NASA service providers will budget and execute in the manner established in this policy for the FY 2004 and FY 2005 operating years. The Agency will make every effort to convert these functions to a Working Capital Fund (WCF) by FY 2006. NASA Center service providers will continue to operate under this policy beyond FY2005 until further notice.

System and Data Requirements: Service providers will establish the appropriate data elements and processes to support the funding of their activities in Core Financial, Budget Formulation, NASA Budget System and any other required systems. The structure must ensure the customers can budget for those rates and charges and that the charges can be assessed back to the customer within their Center G&A, Service Pools, and Corporate G&A accounts, and Programs/Projects, as appropriate.

Specifically, to facilitate the funds distribution and the cost allocation process for agency wide fee-for-service activities, the Competency Center will define and establish secondary commitment items/cost elements in SAP R/3. With approval from Code B, the service provider will enter a Service Request (SR) to the Competency Center, identifying the requirement for these elements. The Competency Center has primary responsibility for determining the values of the secondary commitment item/cost element in order to ensure consistency with existing SAP R/3 configuration.

The service provider and Code B will negotiate an applicable coding structure, i.e., Unique Project Number's (UPN's) to be established in the Agency Central Resources Control System (CRCS). Once the coding structure is finalized, all applicable funds centers and Project/Work Breakdown Structures (WBS's) will need to be established in SAP R/3. In order for the funds distribution process to begin, Code BF will need to create a Service Request (SR) for all required funds centers and functional area derivation rules and submit to the Competency Center. Once the funds centers have been established in the systems, the service provider should create a SR for all corresponding Project/WBS's, applicable derivation rules, and labor-crosswalk codes. The request for the Project/WBS's master data will include all data elements necessary for the budget execution and cost assessment process.

Execution: For Program Year (PY) 2004 and PY 2005 funds, approved Agency Wide Fee-for-Service Activities will be distributed much like Corporate G&A. Approved budget will be distributed to these service providers at the appropriation level. The service provider will forward approved budget at the necessary level of detail to Code B. Code B (Funds Distribution) will withhold these funds from the programs and projects. Funding will be released via the "506 process" to the designated agency wide service provider fund centers. Service providers will execute their budget as any other program/project or activity is required to include managing people, travel and procurements.

Cost Assessment: In FY 2004 and FY 2005 agency wide fee-for-service activity managers will be responsible for reporting cost to their customers via secondary cost elements. The customer will be responsible for ensuring that the cost of those activities is assessed to the program/project in their Center G&A or Service Pool cost assessment process. Details regarding the assessment process for agency fee-for-service activities will be available in the cost assessment job aids in SAP's On Line Quick Reference (OLQR).

Budget Formulation: Starting with the FY 2005 budget, fee-for-service activities will provide rates to customers that are fully loaded. This means they will include all anticipated direct expenditures-labor, travel and procurement, as well as anticipated Corporate G&A, Center G&A, and Service Pool charges. Corporate G&A will no longer fund any portion of the NACC or any other fee-for-service activity, beyond providing resources to pay for services received. Activity managers will provide all rate information to the appropriate officials for inclusion in the Budget Guidance.

For FY 2005 only, since budget guidance has already been issued, Centers are to establish subordinate accounts within the appropriate elements (Center G&A or Service Pools) to identify and provide budget requests for these services, for all fiscal years.

Working Capital Fund: Agency wide fee-for-service activities will evaluate their suitability for operating within a WCF, and if appropriate take the necessary action to initiate operations as a WCF at the start of FY 2006. If a WCF is deemed inappropriate for the activity by any entity, then written justification should be provided to Code B (WCF Operations) by September 1, 2004. Externally provided services such as e-Payroll will not transition to the WCF.

FY 2004 Funds Distribution: For FY 2004 execution, all service providers need to request the creation of fund centers as discussed in the System and Data Requirements section above. Code B has established UPN 009 for appropriation 0114 and UPN 010 for appropriation 0115 for WebTADS services provided by Marshall Space Flight Center. Service providers should also submit their FY 2004 approved budget levels (and an accounting of all funds received to this point) to the Agency Office of the CFO, Funds Distribution. Once received, appropriate action will take place to transfer the funds from the Enterprises and Centers to the service provider.

This interim policy is effective immediately. This subject will be permanently addressed in the Budget Execution and Budget Formulation volumes of the Financial Management Regulation to be issued early summer 2004.

Questions should be directed to Jane Rathbun. You may reach Ms. Rathbun by email: jane.o.rathbun@nasa.gov, or by telephone 202-358-2178.

Original Signed By

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